

EXECUTIVE SUMMARY

Borrower:	Government of The Bahamas			
Executing Agency:	Ministry of Works and Transport through its Civil Design Section			
Amount and Source:			Phase 1	Phase 2
	IDB: (OC)	US\$	21,000,000	9,000,000
	Local:	US\$	9,000,000	4,000,000
	Total:	US\$	30,000,000	13,000,000
Financial terms and conditions:	Amortization Period:	20	years	
	Grace Period:	4	years	
	Disbursement Period:	4	years	
	Interest Rate:	variable		
	Supervision and Inspection:	1.00	%	
	Credit Fee:	0.75	%	
	Currency:	US dollars (SCF)		
Objectives:	<p>The overall objective of the Project is the rehabilitation of basic infrastructure damaged by Hurricane Floyd. The conceptual framework responds to the country request for Bank support to help solve the emergency problem in as short a time as possible starting with very limited executing capacity. The Project establishes effective and sustainable in-country capacity to deal with basic infrastructure rehabilitation works and environmental issues. To reduce execution time, a design/build modality is to be used, which requires establishing a special contract supervisory culture, effective risk-distribution incentives, close cooperation among all parties involved, and a swift procedure for resolving conflicts.</p>			
Description:	<p>To provide continuous support, all required work is included within the Project, but divided into two groups (phases) by their technical and environmental complexity.</p> <p>➤ <i>Phase 1</i> includes the rehabilitation or reconstruction of specific works damaged or destroyed by Hurricane Floyd (“remedial works”). Works in this Phase will be contracted within two years of loan signature and completed within three years. This Phase also includes funding to complete the studies required for the Phase 2 works. The Executing Agency will be applying a design/build technique in the hopes of saving time and introducing innovative construction methods for relatively simple works. At the same time, it will introduce environmental management plans into the construction process. Be-</p>			

cause these innovations will require greater supervisory skills, the Project includes funding for an experienced firm to assist and train MOW&T staff.

- *Phase 2* includes other specific works designed to replace works that have been repeatedly damaged by storms over the years, and which will require significant engineering and environmental studies before construction can begin (“replacement works”).

The Project Team recommends the multi-phase modality for this Project because:

- (a) it encompasses two interrelated project cycles that, although short in duration, are distinct in nature; Phase 1 will provide the groundwork, studies and organizational framework for Phase 2 (see ¶0);
- (b) it affords a natural break permitting the Bank and the Executing Agency to review the efficacy of the design/build modality for contracting and supervising works construction, and compliance with environmental management plans;
- (c) it strengthens the capacity of the Executing Agency to apply and supervise design/build contracts (see ¶0 *et seq.*); and
- (d) it permits an *a priori* environmental evaluation of Phase 2 works (see ¶0 to 0).

**Relationship of
Project in Bank’s
Country and
Sector strategy:**

The Bank’s draft strategy for 2000-2002 aims to continue support for competitive private sector-led economic growth while fostering sound environmental management and broader participation in the development process. The key areas of the strategy are therefore,

- (a) the enabling policy framework and supportive infrastructure;
- (b) strategic human resource and social development to maximize economic flexibility; and
- (c) sound environmental management.

Within the infrastructure sector, the draft strategy addresses the need for providing adequate infrastructure both in New Providence (project BH0029) and in the Family Islands (this Project).

**Environmental/
Social review:**

The CESI noted that, because Phase 1 of the Project consists mainly of minor works, the risk of additional indirect negative environmental impact is very low and it recommended that the construction contracts include environmental specifications and procedures. It also noted that the EIAs of Phase 2 works will be reviewed by the Bank and made public before the assessment memorandum is submitted to the Board of Directors. (¶0 *et seq.*)

Benefits: The Project will benefit local communities by restoring the facilities to their normal condition, protecting settlements from future damage, and consequently supporting the reestablishment of social and economic activities of the local communities affected by Hurricane Floyd. The affected communities have average incomes lower than the average for the country. (¶0)

Risks: Two inter-related risks have been identified in the execution of the Project. The Executing Agency will use a design/build process for contracting works, requiring a greater degree of supervision than the usual system that incorporates final designs before bidding. At the same time, the staff directly involved in the execution of the Project is relatively small. By hiring a specialized consulting firm, staff will be supported and trained during Project implementation, thus reducing this risk.

Special contractual clauses:

Phase 1 Works

Tender Documentation. The Bank must give its non-objection to the designs and EMPs for the works before the corresponding contracts are signed (¶0); and it must approve the EMPs of the Little Abaco and Barre Tarre causeways before the respective works are tendered (¶0).

Project Supervision. Prior to the first disbursement under the loan, the borrower and Executing Agency must submit evidence to the Bank that the supervisory firm has been hired under terms of reference mutually agreed (¶0)

The reports of the supervisory firm, once reviewed by the Executing Agency and the Bank, must be made available to the public (¶0)

The Executing Agency may formally receive finished works only after certification by the environmental supervisor that the corresponding EMPs have been implemented satisfactorily (¶0)

Phase 2 Works

Prior to presenting the Assessment Report to the Board of Directors, the following conditions must be met (¶0):

Institutional Development. The MOW&T, through the CDS, must present to the Bank's satisfaction, the written procedures developed with the supervisory firm for processing future operations applying the design/build technique.

Status of Phase 1 Works. The contractors must have completed at least 50% of the estimated cost of Phase 1 works

at the level of quality required by their respective contracts. Issues raised in the periodic reports of the supervisory firm must have been attended to the satisfaction of the Bank.

Cost and Control. At least 80% of the completed Phase 1 works must have been finished within the timeframe and budget presented by the contractors, and must be accompanied by a certificate of compliance issued by the environmental supervisor. This measure will verify that the new procedures have led to the desired results.

Continuity. The MOW&T, through the CDS, must present preliminary designs, reference cost estimates, economic evaluation, bidding procedures, and tender documents for Phase 2 works, all to Bank satisfaction.

Environmental Studies. The MOW&T, through the CDS, must submit for Bank approval the environmental evaluation of alternative sites for the Phase 2 docks. The Executing Agency must also complete EIAs for Phase 2 works to Bank satisfaction and make them available to the public at least 120 days before presentation of the memorandum to the Board.

Compliance with Bank procedures. The MOW&T through the CDS must have complied with all Bank requirements regarding disbursements and financial statements. The accounting and internal control systems put in place for the managing Project funds must be satisfactory to the Bank.

**Poverty-targeting
and social sector
classification:**

Not applicable

**Exceptions to
Bank policy:**

See Procurement section

Procurement:

The executing unit will contract works by competitive bidding among firms directly invited to submit proposals. The packages of works are too small to require international competitive bidding although international publicity has been made and The Bahamas has no restrictions on the nationality of contractors.

The borrower has requested waivers for the hiring of specialized consulting firms to assist in supervision of the Project (see ¶0), and for designing the Glass Window Bridge, a particularly complex structure subject to heavy wave action (see ¶0). The Project Team supports this request.

¹ The term, “Family Islands” refers to all islands except New Providence, the Government seat.

² The Bahamas has no formal emergency response system; USAID has granted the country US\$750,000 to help establish such a system.

³ The Project Team finds this figure high; it will be confirmed in future studies.

⁴ These works consist of the replacement of two small causeways with viaducts at Little Abaco and Barre Tarre to restore the tidal flow from and to wetlands; and drainage improvements along Arthur’s Town Shore Road to restore water circulation in salt-water lagoons.

⁵ Elbow Cay and Sand Point Shoreline Restoration.

⁶ This approval should only be granted on the recommendation of the environmental specialist on the Project Team.

* By mid-term review, 50% of works should be complete, and 80% of these should have been built in accordance with contractors’ time and budgets.